



Legislative Audit Council

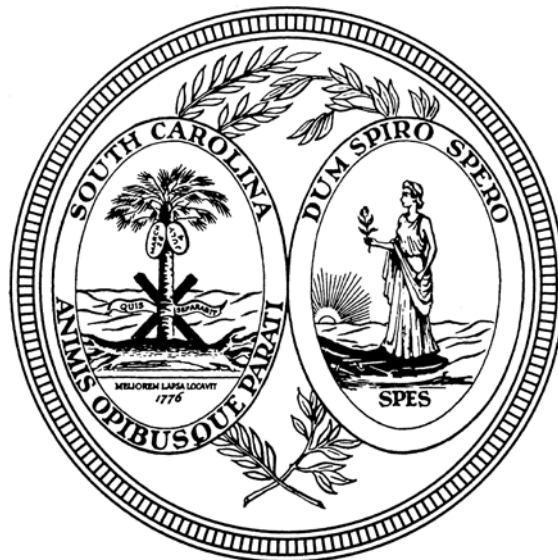
August 2011

SOUTH CAROLINA'S BABYNET PROGRAM

A REVIEW OF EARLY INTERVENTION SERVICES FOR INFANTS AND TODDLERS WITH DEVELOPMENTAL DELAYS

S.C. Could Improve the BabyNet Program Through:

- Centralization of the funding structure by the General Assembly.
- Accurate tracking and reporting of expenditures.
- Increased oversight of state and local agencies and private providers in the BabyNet system.
- A more active effort to find children in need of services.



LEGISLATIVE AUDIT COUNCIL

1331 Elmwood Ave., Suite 315
Columbia, SC 29201
(803) 253-7612 VOICE
(803) 253-7639 FAX

Public Members

Philip F. Laughridge, CPA, Chairman
Mallory Factor
Thomas F. Hartnett
Jane P. Miller
S. Jahue Moore, Esq.

Members Who Serve Ex Officio

Raymond E. Cleary, III
Senate Judiciary Committee
Michael L. Fair
Senate Finance Committee
J. Roland Smith
House Ways & Means Committee
Walton J. McLeod
House Judiciary Committee

Director

Thomas J. Bardin, Jr.

Authorized by §2-15-10 *et seq.* of the South Carolina Code of Laws, the Legislative Audit Council, created in 1975, reviews the operations of state agencies, investigates fiscal matters as required, and provides information to assist the General Assembly. Some audits are conducted at the request of groups of legislators who have questions about potential problems in state agencies or programs; other audits are performed as a result of statutory mandate.

The Legislative Audit Council is composed of five public members, one of whom must be a practicing certified or licensed public accountant and one of whom must be an attorney. In addition, four members of the General Assembly serve ex officio.

Audits by the Legislative Audit Council are conducted in accordance with generally accepted government auditing standards as set forth by the Comptroller General of the United States.

Copies of all LAC audits are available at no charge. We encourage you to visit our website to view and print copies of LAC reports.

LAC.SC.GOV

Audit Manager
Andrew M. Young

Senior Auditor
Carmen J. McCutcheon, Esq.

Auditor
Kyle T. Craig

Typography
Candice H. Pou
Maribeth R. Werts

Legal Counsel
Andrea Derrick Truitt

Legislative Audit Council

SOUTH CAROLINA'S BABYNET PROGRAM

Contents

Chapter 1 **Introduction and** **Background**

Audit Objectives	1
Scope and Methodology	1
Background	2

Chapter 2 **BabyNet** **Administration**

Improving South Carolina's Funding Structure	5
Tracking and Reporting Expenditures	9
Service Provider Selection and Compensation	13
Inconsistent Provider Reimbursement Rates and Policies	16
Income-Based Family Fees	17

Chapter 3 **Compliance With** **the Federal** **Individuals With** **Disabilities** **Education Act**

Background	19
Federal Compliance Actions in South Carolina	20
BabyNet Compliance From FY 05-06 Through FY 09-10	21
Improvement Activities	23
Use of Federally-Funded Technical Assistance	23
Program Results	24
Provider Performance Monitoring	26

Chapter 4 **Ensuring Eligible** **Children Receive** **Early Intervention** **Services**

Background	29
Eligibility Criteria	30
Child Find and Public Awareness Programs	30
Age of Entry Not Adequately Reported	34
Transition to Post-BabyNet Services	35
Electronic Individualized Family Service Plans	36

Appendix

Agency Comments	37
-----------------------	----

Introduction and Background

Audit Objectives

Members of the General Assembly asked the Legislative Audit Council to review the operations of South Carolina's BabyNet program, through which infants and toddlers with developmental delays receive early intervention services.

BabyNet is managed by South Carolina First Steps to School Readiness, a state agency that coordinates public and private services for pre-school children statewide and in local communities.

Our objectives for this review were to:

- Document total state and federal expenditures on South Carolina's BabyNet program.
- Review whether federal and state funds authorized for the BabyNet program have been spent only on the BabyNet program.
- Document how BabyNet providers are selected and compensated and what services they provide.
- Review South Carolina's efforts to comply with Part C of the federal Individuals with Disabilities Education Act.
- Document the ages at which children enter the BabyNet system and post-BabyNet systems.
- Determine whether the First Steps agency has adequate data and authority under state law to oversee and manage the BabyNet program effectively.

Scope and Methodology

The period of our review was generally FY 08-09 and FY 09-10, with consideration of earlier and more recent periods when relevant.

To conduct the audit, we used the following information from First Steps, other BabyNet system agencies, the U.S. Department of Education, and early intervention agencies in other states:

- Finance, procurement, human service, and client service data.
- Interviews and meetings with staff.
- Federal and state laws and regulations.
- Agency policies and procedures.

Criteria used to measure performance included federal and state laws and regulations, agency policy, and agency contracts. We reviewed internal controls in the monitoring of contracts. We also tested the reliability of BabyNet's financial data and found limitations, as described in the report.

We conducted this performance audit in accordance with generally accepted government auditing standards with the exception of the general standard concerning an external quality control review. In our opinion, this omission, caused by LAC funding limitations, had no effect on the results of the audit.

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Mission of the BabyNet Program

BabyNet is South Carolina's system of early intervention services for children with developmental delays. Under Part C of the federal Individuals with Disabilities Education Act, the federal government awards grants to the states to:

- Develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency system that provides early intervention services for infants and toddlers with disabilities and their families;
- Facilitate the coordination of payment for early intervention services from federal, state, local, and private sources (including public and private insurance coverage);
- Enhance State capacity to provide quality early intervention services and expand and improve existing early intervention services being provided to infants and toddlers with disabilities and their families; and
- Encourage States to expand opportunities for children under three years of age who would be at risk of having substantial developmental delay if they did not receive early intervention services.

BabyNet Eligibility

Any South Carolina child up to three years of age may be eligible for BabyNet services if the child is not reaching age-appropriate milestones in one or more areas of development. These areas include communication, self-help, motor skills, social-emotional skills, cognition, and physical development. Physical development includes vision and hearing.

A child may also be eligible for BabyNet services if the child is diagnosed with a physical, emotional, or cognitive condition that has a high likelihood of resulting in a developmental delay.

BabyNet Services

There are approximately 188,600 children ages birth to three in South Carolina. In FY 09-10, approximately 6,700 children received services through BabyNet.

The service needs of children and their families referred to the BabyNet program are identified by teams of professionals.

For each child, a team develops an Individualized Family Service Plan (IFSP). The services identified in the plan may include the following:

- Assistive technology (e.g. communication, feeding, and seating devices)
- Audiology
- Health services
- Diagnostic medical services
- Nursing services
- Nutrition services
- Occupational therapy
- Physical therapy
- Psychological services
- Service coordination
- Social work services
- Special instruction
- Speech and language services
- Transportation and related costs
- Vision service
- Interpretation and translation services

BabyNet Organizational Structure

Prior to January 1, 2010, BabyNet was administered by the South Carolina Department of Health and Environmental Control. Since January 1, 2010, BabyNet has been administered by South Carolina First Steps to School Readiness.

Section 59-152-10 of state law established First Steps as:

... a comprehensive, results-oriented initiative for improving early childhood development by providing, through county partnerships, public and private funds and support for high-quality early childhood development and education services for children by providing support for their families' efforts toward enabling their children to reach school ready to learn.

Depending on the developmental needs identified, BabyNet cases are managed by state agencies operating under memorandums of agreement with First Steps, including the:

- Department of Disabilities and Special Needs
- South Carolina School for the Deaf and the Blind
- Department of Mental Health
- Department of Social Services

BabyNet services are provided through a combination of these state agencies, non-governmental agencies, and individual providers that contract with the state government.

BabyNet Administration

In this chapter, we address ways to improve the BabyNet funding structure, tracking and reporting of expenditures, service provider selection and compensation, and family fees.

Improving South Carolina's Funding Structure

Funding Structure Enacted in 2011

The funding structure of the BabyNet system in South Carolina is not centralized to allow for adequate oversight and control by First Steps. North Carolina has a centralized system where all federal and state funding flows through the lead agency, which gives the lead agency more authority over how the program is run.

State law does not require that all state funds used to provide BabyNet services be appropriated directly to First Steps.

Prior to July 2011, none of the state funds used for the BabyNet program were appropriated to First Steps. Instead, the Department of Disabilities and Special Needs (DDSN), the S.C. School for the Deaf and the Blind (SCSDB), and the Department of Mental Health (DMH) provided services using their own appropriations.

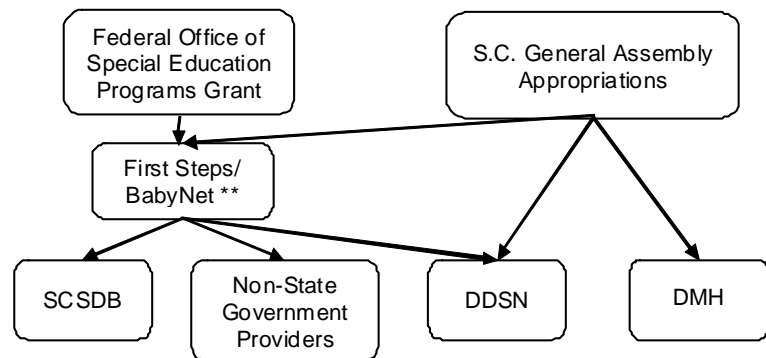
In 2011, the BabyNet funding system was modified but remains decentralized. The South Carolina General Assembly included proviso 89.122 in the FY 11-12 appropriations bill, which states the following:

...all State funds directly appropriated for BabyNet under the Department of Health and Environmental Control, and the School for the Deaf and the Blind, as well as all filled positions under the Department of Health and Environmental Control for the BabyNet program, during the current fiscal year shall be transferred to, and administered by, the South Carolina First Steps to School Readiness as the program's designated lead agency. These funds may then be contracted to partner agencies as appropriate and necessary to ensure the cost-effective delivery of early intervention services....

While the Department of Disabilities and Special Needs (DDSN) was included in the House of Representatives FY 11-12 appropriations bill, the final version of the FY 11-12 appropriations bill has removed DDSN from the proviso. Since most BabyNet children are served by DDSN, this will weaken the proviso and thus give First Steps less oversight and authority over the BabyNet program. If the General Assembly required all BabyNet funding to be administered through First Steps, the BabyNet program could realize improved accountability and efficiency.

Chart 2.1 shows the new structure for allocating federal early intervention funds and state funds to the BabyNet program, enacted in July 2011, excluding reimbursements from Medicaid and private insurance.

Chart 2.1: New Structure for Allocating Federal and State BabyNet Funding, Enacted July 2011*



- * Does not include reimbursements from Medicaid or private insurance.
** First Steps/BabyNet also receives funding from the federal government for additional program contracts.

Sources: First Steps, BabyNet

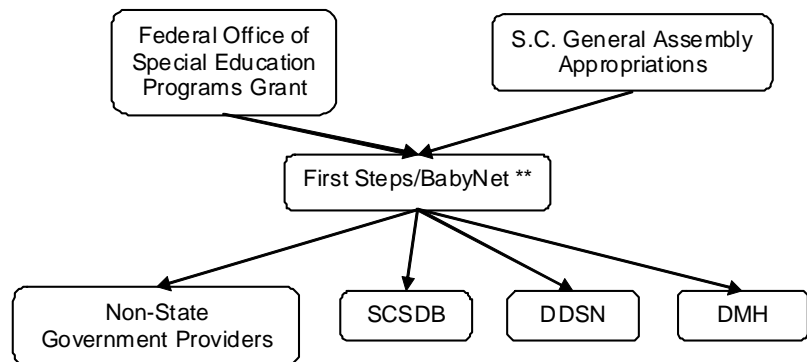
North Carolina's Early Intervention Program

We contacted the North Carolina Department of Health and Human Services (DHHS), which serves as the lead agency for Part C early intervention services in that state. North Carolina stated that all federal Part C funds, all state appropriations, and all Medicaid receipts (DHHS is the Medicaid agency in N.C.) go through the N.C. DHHS. Then DHHS allocates funds to local agencies throughout the state.

According to an agency official in North Carolina, the state moved to a centralized system around five years ago. The state has found that, under the new system, the lead agency is more accountable and has more oversight control. The agency official we spoke with stated that North Carolina has significantly increased the number of children under the new system. The official also stated that North Carolina has made progress in each of its performance categories under the centralized system.

Chart 2.2 shows an improved, more centralized, funding structure that could be implemented in South Carolina.

Chart 2.2: Improved Structure for Allocating Federal and State BabyNet Funding *



* Does not include reimbursements from Medicaid or private insurance.

** First Steps/BabyNet also receives funding from the federal government for additional program contracts.

Sources: First Steps, BabyNet

General Supervision System Required by Federal Law

South Carolina's BabyNet program has continually not met General Supervision requirements in federal law. 20 U.S.C.§1435(a)(10), requires each state to have a statewide system that includes:

[a] single line of responsibility in a lead agency designated or established by the Governor for carrying out [] the general administration and supervision of programs and activities...and the monitoring of programs and activities used by the State to carry out this subchapter...

The federally-required General Supervision system includes components such as monitoring complaints, conducting due process hearings for families, and identifying and correcting noncompliance by partner agencies and providers. Although First Steps has developed a General Supervision plan, South Carolina's decentralized funding structure can make it more difficult for First Steps to implement the plan across multiple state agencies.

If First Steps had authority over all state-appropriated early intervention funds for children from birth to three years, it could better oversee the actions of BabyNet partner agencies and providers and better comply with the federal General Supervision standard.

Joint Citizens and Legislative Committee on Children

State law requires that all funds for early intervention services be coordinated among the state agencies involved in providing those services.

S.C. Code § 44-7-2570 (C) states:

....all financial resources from federal, state, local, and private sources must be coordinated to fund early intervention services. A joint funding plan must be submitted by the department to the Joint Legislative Committee on Children on or before August first of each year. The individual components of the plan as they relate to individual agencies must be incorporated annually into each agency's budget request.

The Joint Legislative Committee on Children was replaced in 2008 by the Joint Citizens and Legislative Committee on Children.

BabyNet is not currently developing a funding plan with the partner agencies to coordinate the funding of early intervention services.

Recommendations

1. The General Assembly should appropriate all BabyNet funding directly to First Steps to increase accountability for the lead agency with regard to partner agencies and providers.
2. First Steps should comply with §44-7-2570 (C) of the South Carolina Code of Laws.

Tracking and Reporting Expenditures

We reviewed the manner by which South Carolina appropriates, tracks, and reports revenues and expenditures for BabyNet and found that:

- Most of the appropriated funds spent by state agencies on BabyNet have not been specifically appropriated for the program by the General Assembly.
- First Steps has not tracked or reported Medicaid funds paid directly to non-state government providers by the state Medicaid agency. Also not tracked or reported are expenditures made by the Department of Mental Health or the Department of Social Services.
- First Steps has not developed a formal methodology to calculate the extent of its compliance with the year-to-year maintenance of effort requirement in federal law.
- In 2011, a private firm hired by First Steps prepared a partial, unaudited revenue and expenditure report for the multi-agency system. An audited, annual financial statement could provide reasonable assurance that information provided by First Steps is complete and accurate, that internal controls to prevent fraud and abuse are adequate, and that BabyNet funds have not been spent on non-BabyNet activities.

BabyNet Expenditures Reported by State Agencies for FY 09-10

We estimate that BabyNet expenditures in FY 09-10 (see Table 2.3) were \$36.0 million as reported by First Steps, the Department of Health and Environmental Control, the Department of Disabilities and Special Needs, the South Carolina School for the Deaf and the Blind, the Department of Mental Health, and the Department of Health and Human Services.

The \$36.0 million total includes \$8.6 million in federal early intervention funds and \$9.7 million in state-appropriated funds. Medicaid funds, which were approximately 79% federal dollars and 21% state dollars, totaled \$17.6 million. Other federal and state expenditures totaled almost \$60,000.

It is important to note that BabyNet has not tracked all expenditure categories or all state agencies in the system, making it more difficult to adequately manage the program. In the next section, we address this issue in greater detail.

Table 2.3: BabyNet Expenditures Reported by State Agencies in South Carolina, FY 09-10

FUNDING CATEGORIES	FIRST STEPS	DHEC	DDSN	SCSDB	DMH	NON-STATE GOVT. PROVIDERS *	TOTAL
STATE							
Appropriated	-	\$1,573,882	\$3,725,000	\$567,112	\$53,264		\$5,919,258
Proviso	-	965,573	-	-	-		\$965,573
Appropriated Transfers **	-	-	2,748,822	56,159	-		\$2,804,981
Miscellaneous	-	39,230	-	-	307		\$39,537
FEDERAL							
Early Intervention	\$663,860	3,320,024	700,000	209,780	-		\$4,893,664
Early Intervention Stimulus	2,493,693	936,748	300,000	-	-		\$3,730,441
Miscellaneous	-	18,644	-	542	31		\$19,217
MEDICAID							
79% Federal / 21% State	-	205,176	9,680,585	1,437,672	98,641	6,200,000	\$17,622,074
TOTAL	\$3,157,553	\$7,059,277	\$17,154,407	\$2,271,265	\$152,243	\$6,200,000	\$35,994,745

* Estimate of Medicaid allocation to non-state government providers. To avoid double counting, we have not included DHEC and First Steps payments to these providers.

** Reported appropriated funds transferred from other line items.

Sources: First Steps, DHEC, DDSN, SCSDB, DMH, and SCDHHS

Some BabyNet Expenditures Not Adequately Tracked

First Steps has not adequately tracked expenditures on the BabyNet system. For example, Medicaid expenditures reported for BabyNet have only included Medicaid funds spent directly by the state agencies in the BabyNet system. Not tracked or reported are private insurance payments or Medicaid payments paid directly to non-state government BabyNet providers by the state Medicaid agency.

Also not tracked or reported are BabyNet expenditures by the Department of Mental Health (DMH) or the Department of Social Services (DSS). We were able to obtain a BabyNet expenditure report from DMH (see Table 2.3) but not from DSS. Federal law, 42 U.S.C. §5106a(b)(2)(A)(xxi), requires DSS to refer children under the age of three to BabyNet if they are involved in substantiated cases of child abuse or neglect.

In conjunction with not tracking certain BabyNet expenditures, First Steps does not have a formal methodology to calculate the extent to which it is maintaining its level of effort from year to year. Federal regulation 34 CFR 303.124 requires that federal funds not be used to supplant state and local funds or to reduce the level of state and local funding below the level of the preceding fiscal year.

Most BabyNet Expenditures of State Funds Made Without Specific Appropriations

Most of the appropriated funds spent by state agencies on BabyNet have not been specifically appropriated in separate line items by the General Assembly. As an example, for FY 09-10, the General Assembly appropriated \$1.6 million through a “BabyNet” line item. During that year, however, state agencies reported spending \$9.7 million in appropriated funds on the BabyNet program.

The amount of state funding for BabyNet intended by the General Assembly is not clear. On pages 5–9 of this report, we address the decentralized funding structure of the BabyNet system and recommend that the General Assembly appropriate all BabyNet funds directly to First Steps.

No Annual Financial Statement for the Complete BabyNet System

According to First Steps officials, when DHEC administered the BabyNet program, it did not prepare audited, annual financial statements for the multi-agency system.

In 2011, a private firm hired by First Steps prepared a partial, unaudited revenue and expenditure report for BabyNet. The report, however, did not include direct Medicaid payments by the Department of Health and Human Services to non-state government providers or any of the expenditures made by the Departments of Mental Health and Social Services. These unreported expenditures were approximately \$6 million.

After preparing an annual financial statement, contracting with an independent accountant to audit the statement according to generally accepted auditing standards would provide benefits. These benefits would include but not be limited to the provision of reasonable assurance that the statements are complete and accurate, that internal controls to prevent fraud and abuse are adequate, and that BabyNet funds have not been spent on non-BabyNet activities.

Recommendations

3. If the General Assembly does not enact recommendation 1 to appropriate all BabyNet funds through First Steps, it should make specific line-item appropriations to state agencies for the BabyNet program.
4. First Steps should develop and annually implement a formal methodology to calculate the extent of its compliance with federal regulation³⁴ CFR 303.124.
5. First Steps should prepare and publish each year a financial statement for the complete BabyNet system, including all expenditures and all sources of revenue.
6. First Steps should contract with independent accountants to audit its annual financial statements for the BabyNet program. The annual audits should follow generally accepted government auditing standards, including the provision of reasonable assurance that the statements are accurate, that internal controls to prevent fraud and abuse are adequate, and that BabyNet funds have not been spent on non-BabyNet activities.

Service Provider Selection and Compensation

Background

South Carolina's system of selecting and monitoring the compensation of service providers has not been adequate. We found no documentation that the BabyNet provider contract was formally reviewed by procurement or legal staff at First Steps since it became the lead agency in January 2010. In addition, the state has not implemented a comprehensive method to ensure that invoices reflect only the services provided.

In November 2010, First Steps reported it had contracts with 942 BabyNet service providers, with a contract term of five years.

Provider Selection Process

First Steps selects multiple BabyNet providers for each service based on the applicants' qualifications. Compensation rates are not part of the selection process and are pre-determined by First Steps. In order to become a service provider, an individual or entity requests an application from First Steps staff, completes the application, and returns it to First Steps with the following:

- Proof of liability insurance.
- W-9 form.
- Proof of current licensure.
- Background check which includes information from the National Sex Offender Registry, a nationwide criminal report, a social security number verification, and a residency history check.

First Steps staff then review the application and either accept or deny the provider's application. Providers can be denied for the following reasons:

- Failure to complete application according to instructions.
- Failure to meet Comprehensive System of Personnel Development qualifications.
- Lack of need for that type of provider in the requested geographic area.
- Termination from previous employment due to Medicaid or financial fraud.
- Prior ethical or criminal convictions.
- Prior termination of a BabyNet contract resulting from non-compliance with contract requirements.

First Steps staff will notify providers of a denial within 20 days of receipt of a complete and accurate application. If a provider is accepted, then a contract is executed and First Steps staff add the provider to the list of approved providers.

Provider Compensation Process

BabyNet is the payor of last resort for BabyNet services. This means that the BabyNet system pays providers only after the provider seeks payment from other public and private sources. If no other sources of payment are available, the provider can bill BabyNet.

First Steps contracts with Jasper County Disabilities and Special Needs (DSN) Board to process all provider payments from BabyNet funds. The contract provider compensation process generally proceeds as follows:

- The BabyNet service coordinator sends a copy of a service authorization form to the service provider and the Jasper County DSN Board. If the authorization is inaccurate (about 20% are inaccurate), Jasper DSN Board staff mail the form back to the early interventionist with a letter explaining the needed corrections.
- After performing services, the provider submits an invoice packet that must include a service authorization form, an itemized invoice, and documentation of any insurance company or Medicaid payments.
- If the information is complete, the provider will be paid within 30 days. Currently, Jasper DSN Board staff process payments within two days of receiving the invoice.

Inadequate Review of Service Provider Contracts

The basic BabyNet service provider contract was amended in June 2010 to provide more explanation of provider responsibilities. We found no documentation that First Steps had the contract formally reviewed by procurement or legal staff. Legal or procurement involvement during the initial drafting of the boilerplate language for the contracts would ease the process of their involvement should a provider contract need to be terminated.

When DHEC was the lead agency for BabyNet, its legal staff drafted the boilerplate provider contract and participated, when necessary, in terminating BabyNet provider contracts.

In addition to First Steps' contracts with service providers, other state agencies have contracts with providers for BabyNet services. For instance, local Disabilities and Special Needs boards provide BabyNet services under contracts with DDSN, not First Steps. First Steps does not have a policy of reviewing the contracting process for BabyNet services within these agencies. In order for First Steps to fulfill its responsibilities to coordinate BabyNet resources, it needs knowledge of the contents of the contracts committing state and federal early intervention money, even if the contracting agency is another state agency.

Compensation System Monitoring

BabyNet's system for compensating contract providers is monitored several different ways — internal controls, annual external audits, and periodic audits by First Steps. However, none of these methods ensure that the service being paid for was actually delivered.

The Jasper DSN Board pays invoices submitted by service providers when their clients are eligible for payment with BabyNet early intervention funds. Internal controls include comparing the service authorization form sent from the service coordinator monitoring the case to the invoice submitted by the provider. Also, all checks require two signatures. In addition, First Steps staff perform a periodic file review to determine if payments were both timely and proper. They also check to see if the authorization is reasonable.

Currently, payments for one type of service have an additional level of monitoring. Parents verify receipt of autism services by signing off on the service log, which is attached to the invoice submitted by the provider. This practice could be expanded to include all services. According to a Jasper DSN Board official, it is the service coordinator's responsibility to ensure that the service is performed. First Steps officials report that they have contracted with a consultant to develop a provider auditing system, which will begin as a pilot program.

Recommendations

7. When drafting contracts between First Steps and BabyNet service providers, First Steps should have them reviewed by procurement and legal staff.
8. First Steps should review contracts between other state agencies and BabyNet service providers before they are finalized.

9. First Steps should require all invoices submitted by BabyNet service providers to contain the signature of the parent/guardian of the child receiving the services.

Inconsistent Provider Reimbursement Rates and Policies

BabyNet service providers in South Carolina receive reimbursement from Medicaid, BabyNet early intervention funds, and private insurance. In FY 09-10, BabyNet expenditures were approximately \$8.6 million in BabyNet early intervention funds and an estimated \$17.6 million in Medicaid funds.

As of April 2011, however, BabyNet rates were approximately 3% greater than Medicaid rates for similar services. North Carolina and Virginia use Medicaid rates when reimbursing providers with early intervention funds.

Because South Carolina does not automatically use the Medicaid rates and policies for services reimbursed with BabyNet early intervention funds, the state has an inconsistent policy for similar services depending on the source of payment. This inconsistency may cause First Steps, other state agencies, and the service providers to incur unnecessary administrative costs in the development of rates, the communication of rates, and in administering the reimbursement process.

Recommendation

-
10. First Steps should establish a policy of using Medicaid rates for similar services reimbursed with BabyNet early intervention funds.

Income-Based Family Fees

Section 44-7-2570 (A) of the South Carolina Code of Laws states that “[f]amilies must not be charged for early intervention services” provided through BabyNet. If South Carolina were to charge a sliding, income-based fee to families with children in the BabyNet program, the net cost of the program could be reduced and/or additional resources could be made available for low-income families.

Federal regulation 34 CFR 303.521 allows but does not require states to charge a schedule of sliding fees for all services except “child find,” evaluation and assessment, and certain administration and coordination functions.

Sliding family fees for early intervention services have been implemented in other states, such as Georgia, North Carolina, and Virginia. In 2001, Virginia adopted legislation requiring a statewide family fee for its early intervention system for toddlers and infants, which is based on family income and size. In FY 09-10, revenues from the Virginia fee were \$485,983. The number of children in South Carolina’s early intervention population is about 70% of Virginia’s.

Recommendation

11. The General Assembly should amend state law to authorize First Steps to charge a sliding fee, based on family income and size, to families with children in the BabyNet program.

Compliance With the Federal Individuals With Disabilities Education Act

We reviewed BabyNet's compliance with the Individuals with Disabilities Education Act (IDEA) performance indicators and found that:

- Some of South Carolina's federally-required performance targets have been repeatedly not met, while others have only recently been implemented.
- BabyNet providers have not been adequately monitored to ensure that services have been delivered as required.
- Improvements have been made in areas such as the collection of data, personnel training, and interagency coordination.
- South Carolina has not been making adequate use of federally-funded technical assistance for improving early intervention services.

Another key area of BabyNet performance, which we address in Chapter 4, is the percentage of children in the state served by BabyNet.

Background

The federal Office of Special Education Programs (OSEP) has developed performance indicators that it uses to assess compliance with the IDEA by early intervention programs for infants and toddlers. These indicators can be placed in two categories.

Process Indicators

Process indicators show the extent to which an early intervention organization has performed tasks and activities intended to result in the outcomes sought by the program. An example of a process indicator is children with IFSPs who received the early intervention services on their IFSPs within 30 days.

Results Indicators

Results indicators tell an organization where it stands in its effort to achieve goals. An example of a results indicator is percentage of infants and toddlers who demonstrate improved acquisition and use of knowledge and skills.

In 2004, OSEP required each state to produce a State Performance Plan. Also required is an Annual Performance Report in which each state summarizes its progress in meeting the targets established in the State Performance Plan. OSEP reviews the Annual Performance Report and issues a determination letter to each state regarding the program's progress in meeting its targets.

Each state is placed into one of four categories regarding the extent to which it has met the requirements of the federal Individuals with Disabilities Act:

- Meets the requirements and purposes of the Act.
- Needs assistance in implementing the requirements of the Act.
- Needs intervention in implementing the requirements of the Act.
- Needs substantial intervention in implementing the requirements of the Act.

Federal Compliance Actions in South Carolina

South Carolina has been repeatedly cited for non-compliance with the IDEA in several categories.

OSEP On-Sight Visit in 2002

In 2002, OSEP staff visited South Carolina and determined that BabyNet did not:

- Meet its general supervision responsibilities and monitor for compliance.
- Ensure that a coordinated child find and public awareness system results in the identification of eligible infants and toddlers with disabilities.
- Ensure that all infants and toddlers referred to BabyNet receive timely and comprehensive evaluations in all five developmental areas such that evaluations and assessments are completed within 45 days of referral.
- Ensure that all early intervention services needed by an eligible child and the child's family are identified on the Individual Family Service Plan (IFSP) and provided in a timely manner.
- Conduct timely and content-appropriate transition planning for post-BabyNet services.

Compliance Agreement in 2003

Following the 2002 site visit, DHEC requested approval to enter into a compliance agreement with the U.S. Department of Education. The department granted the request following a series of hearings and written testimony that DHEC was unable to immediately comply with Part C requirements but would be able to within three years. The agreement, executed in 2003, contained specific work plans designed to bring the state into compliance. Also, DHEC staff were required to verify their actions on the work plan through additional reporting during this three-year period. This agreement allowed the agency to remain eligible to receive federal funding.

Annual Performance Reports for FY 05-06 through FY 08-09

During the first two years (FY 05-06 and FY 06-07) of the Annual Performance Plan system, OSEP determined that South Carolina's BabyNet program should be categorized "needs intervention." Three consecutive years in this category would have resulted in a corrective action plan, compliance agreement, or loss of federal funding.

BabyNet improved to "needs assistance" and remained there for the next two years (FY 07-08 and FY 08-09). If a program is determined to need assistance for two consecutive years, OSEP requires the state to receive technical assistance, designate the state a high-risk grantee, or direct the use of state set-aside funds to the areas where the state needs assistance. In June 2010, OSEP opted to require South Carolina's BabyNet program to seek technical assistance from approved providers in the areas of consistent need. OSEP advised program staff that the extent to which the program takes advantage of technical assistance could affect the actions OSEP takes if the state did not meet requirements for FY 09-10.

OSEP On-Sight Visit in 2008

In 2008, OSEP visited South Carolina to review BabyNet's systems for general supervision, collection of state-reported data, fiscal management, improving child and family outcomes, and protecting child and family rights. After the visit, OSEP required the state to take corrective action in two areas of General Supervision — timely correction of noncompliance and publicly reporting on local early intervention service program performance.

BabyNet Compliance From FY 05-06 Through FY 09-10

In February 2011, BabyNet submitted its FY 09-10 annual performance report to OSEP, which is projected to make an IDEA compliance determination by July 2011. Though there is some improvement in the areas of concern, the report shows that the program still does not meet requirements.

Table 3.1 shows BabyNet's compliance with IDEA from FY 05-06 through FY 09-10 on key process indicators areas that were first noted in its 2003 compliance agreement with OSEP. BabyNet has not met its targets for:

- Timely provision of services.
- Timely conferences with families for transition to preschool.
- General supervision of the early intervention system.

Table 3.1: BabyNet Progress Measured by Key Process Indicators From FY 05-06 – FY 09-10

PROCESS INDICATOR	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
1 – Children with IFSPs who received the early intervention services on their IFSPs within 30 days. Target: 95% – 100%	95.7%	92.0%	76.0%	74.5%	85.0%
7 – Children with IFSPs for whom an evaluation, an assessment, and an initial IFSP meeting were conducted within 45 days of referral. Target: 96% – 100%	97.9%	77.0%	95.3%	95.0%	93.0%
8a – Children exiting the BabyNet program for whom <u>IFSPs with transition steps for pre-school and other services</u> were completed by age 36 months. Target: 100%	No Data	88.0%	100.0%	100.0%	100.0%
8b – Children exiting the BabyNet program for whom <u>local school districts were notified</u> by age 36 months when the children were potentially eligible to continue early intervention services. Target: 100%	100.0%	100.0%	100.0%	100.0%	100.0%
8c – Children exiting the BabyNet program for whom <u>transition conferences were held</u> by age 36 months when the children were potentially eligible to continue early intervention services. Target: 100%	93.0%	90.0%	64.9%	83.0%	84.0%
9 – Correction of service provider non-compliance with the Individuals with Disabilities Act through a general supervision system made no more than one year after being identified through the general supervision system. Target: 100%	No Data	No Data	80.0%	63.0%	No Data

Sources: First Steps, DHEC, and OSEP

Improvement Activities

During the 2003 compliance agreement process, DHEC identified three barriers to compliance with the IDEA — lack of a monitoring system and interagency monitoring and cooperation, lack of a reliable data system, and lack of available qualified personnel. Since then, the lead agency and other participating agencies have engaged in activities intended to overcome those barriers and improve the program. In reports to OSEP, BabyNet listed extensive improvement activities, including the following:

- Data system modification.
- Policy manual revisions.
- Streamline contract process.
- Personnel training and technical assistance.
- Transition data sharing between agencies.

Use of Federally-Funded Technical Assistance

Before BabyNet was transferred to First Steps in 2010, South Carolina did not make adequate use of federally-funded technical assistance for improving early intervention services. Since January 2010, First Steps has received federally-funded technical assistance for its development as a lead agency and for the implementation of its General Supervision plan.

Beginning in FY 06-07, OSEP has recommended that the state consider taking advantage of available sources of technical assistance. A state that is a heavy user of technical assistance may be asked by the technical assistance provider to share the cost. According to staff from two OSEP-approved technical assistance organizations, South Carolina's BabyNet program was a nonuser at the time it was transferred from DHEC to First Steps, and the services would be provided at no cost to the state. Technical assistance staff provided a list of the areas they could provide aid in improving after the 2008 verification visit. This list includes the following priority areas:

- State Interagency Coordinating Council orientation and planning.
- Early childhood transition.
- Review draft of Annual Performance Plan.

One area of the BabyNet system that did consistently use technical assistance was the Team for Early Childhood Solutions (TECS) program at the University of South Carolina. University staff used technical assistance providers to help design methods to collect outcome data.

The use of federally-funded technical assistance would likely have aided progress toward compliance with federal early intervention goals. OSEP staff have notified First Steps that continued poor performance and not taking advantage of the offered technical assistance will affect future funding determinations.

Recommendation

12. First Steps should continue the use of federally-funded technical assistance regarding its General Supervision function and increase the use of assistance in other priority areas where improvement is needed.
-

Program Results

BabyNet did not begin reporting meaningful program results (outcome) data for the program until February 2007. As a result, multi-year data that could be used to manage the program is just beginning to become available.

In 2005, OSEP began requiring states to report on child and family program results. States are required to report on the percent of infants and toddlers with Individualized Family Service Plans (IFSPs) who demonstrate improved:

- Positive social-emotional skills.
- Acquisition and use of knowledge and skills.
- Use of appropriate behaviors to meet their needs.

As shown below, BabyNet began collecting child results data on children who entered and exited the program in FY 06-07 and has substantially increased the number of children assessed.

Table 3.2: Number of Children Assessed for Child Results Indicators

YEAR	NUMBER OF CHILDREN ASSESSED
FY 06-07	11
FY 07-08	285
FY 08-09	827
FY 09-10	2,391

Sources: First Steps, DHEC

OSEP requested that BabyNet set results targets by FY 09-10, based on data collected from the previous years. Table 3.3 shows BabyNet's baseline results data and new targets for FY 10-11. Data demonstrating whether BabyNet met this new set of targets will be reported in the FY 10-11 APR, due in February of 2012.

Use of Child Results Data

BabyNet's program staff can use child results data, when valid and reliable, to design strategies for program improvement. Families and teams can use individual child results data to inform decisions on whether to continue or change an intervention.

Recommendation

13. First Steps staff should continue to collect child results data and, when appropriate, use it to make program improvement decisions.
-

Table 3.3: BabyNet Child Results and Targets, FY 08-09 to FY 10-11

SUMMARY STATEMENTS	FY 08-09	FY 09-10	FY 10-11 TARGETS
Positive social-emotional skills.			
Of those children who were below age expectations, the percent who improved functioning to a level "nearer" or "comparable to" same-aged peers at entry.	80%	80%	80%
The percent of children functioning at a level "comparable to" same-aged peers.	67%	65%	65%
Acquisition and use of knowledge and skills.			
Of those children who were below age expectations, the percent who improved functioning to a level "nearer" or "comparable to" same-aged peers at entry.	82%	81%	81%
The percent of children functioning at a level "comparable to" same-aged peers.	64%	63%	63%
Use of appropriate behaviors to meet their needs.			
Of those children who were below age expectations, the percent who improved functioning to a level "nearer" or "comparable to" same-aged peers at entry.	82%	81%	81%
The percent of children functioning at a level "comparable to" same-aged peers.	69%	69%	66%

Sources: First Steps, DHEC

Provider Performance Monitoring

First Steps has not implemented a comprehensive method to measure BabyNet provider performance. According to a First Steps official, staff are developing a formal method to monitor provider performance. The current method only includes responding to complaints; it is not proactive. Without a comprehensive system of monitoring a provider's performance, First Steps has inadequate information to determine whether to renew a provider contract.

Provider Credentials

20 U.S.C. §1435(a)(8) requires a state-approved process for qualifying professionals who provide early intervention services to infants and toddlers eligible for BabyNet. South Carolina's system is administered by the University of South Carolina's Team for Early Childhood Solutions (TECS) and seeks to ensure that BabyNet personnel:

- Meet standards for the roles in which they serve the system.
- Meet standards for the services they provide.
- Demonstrate the state's early intervention competencies.
- Meet the training requirements for the roles in which they serve the system.

New BabyNet providers have 90 days to complete a training program called BabyNet Basics. Following successful completion of that training, TECS issues a permanent SC Part C credential. In addition to initial credentialing, all BabyNet providers are required to renew every two years. The renewal requires retaking BabyNet Basics and taking advanced and elective courses.

The BabyNet credentialing process should ensure all personnel are minimally qualified, but it does not measure a provider's actual performance of duties.

Regional Monitoring System Not Implemented

BabyNet has developed but is not currently implementing a monitoring system that centers on regional performance. This plan was not intended to focus on the performance of specific providers. Under this proposed system, BabyNet would monitor the extent to which the following goals have been met in each of South Carolina's eight regions:

- Number of children with initial Individualized Family Service Plan (IFSP) greater than 45 days from date of referral.
- Number of eligible children with IFSPs.
- Number of children with IFSPs waiting for services.

- Number of initial or annual IFSPs without all developmental areas evaluated/assessed, including vision and hearing.
- Number of children not referred to post-BabyNet services prior to child's third birthday.
- Number of children without a transition conference.
- Number of children without a transition plan.

These goals were identified for the 2004-2006 calendar years.

If the regional performance monitoring system were implemented, it could be expanded to include a provider performance measurement system that would include:

- Desk review of agency records, BabyTrac Benchmark Data, local corrective action plans, local interagency transition agreements, results from local monitoring or system reviews, and complaints from the local system.
- On-site visit (includes focus groups with providers, summary of findings from the desk review, record review, and parent input sessions).

This system also includes a method for correcting noncompliance through submission of a corrective action plan developed by the local BabyNet team in collaboration with contracted providers. Sanctions include discontinuation of contracts/subcontracts, withholding of funds, requiring corrective actions, or disciplinary actions.

DDSN as an Example of Provider Performance Monitoring

Independent of First Steps, DDSN monitors the performance of South Carolina's Disabilities and Special Needs Boards and 17 additional providers that provide BabyNet services through contracts with DDSN. These providers are included in DDSN's Contractual Compliance Review activities. If First Steps were to oversee such a provider monitoring process statewide, there would be increased assurance of quality and consistency.

A private organization, contracted by DDSN, conducts annual assessments of its BabyNet service providers. The process consists of a site visit that includes a record review, staff interviews, consumer and family interviews, and observations to determine the following:

- Services are being implemented as planned and based on the child's need.
- Child/family still wants and needs the services.
- Services comply with contract and/or funding requirements and best practices.

The indicators used to determine a provider's compliance with its contract are based on the BabyNet Manual, DDSN's Early Intervention Manual, and the South Carolina Department of Health and Human Services' Early Intervention Services Provider Manual.

If deficiencies are found for a particular provider, the provider must submit a plan of correction to the quality improvement organization. In addition, DDSN early intervention staff review reports from the quality improvement organization to determine providers' specific deficiencies. DDSN staff provide assistance to the provider based on the specific deficiency. If a score falls below a certain threshold, DDSN staff perform an onsite review. According to an agency official, First Steps staff have not had formal involvement in this process.

BabyNet has an additional process that could assist lead agency staff in monitoring contract providers. Each provider's contract requires submission of quarterly reports to service coordinators. A provider's submission of these reports, and the report contents, could be indicators of the provider's performance.

Recommendations

-
14. First Steps should develop and implement a comprehensive plan to regularly monitor BabyNet service provider performance.
 15. First Steps should not renew a BabyNet service provider's contract without first measuring the provider's performance over the course of the current contract.
 16. First Steps should review the BabyNet provider performance monitoring processes of other state agencies in South Carolina to ensure consistency with any comprehensive provider performance monitoring plan developed by First Steps.

Ensuring Eligible Children Receive Early Intervention Services

One of the key federal performance indicators for BabyNet is the percentage of children in the state who are served by the program.

From 2003 to 2007, South Carolina more than doubled the percentage of infants and toddlers receiving early intervention services through BabyNet. The data system used by BabyNet, however, does not track the age of entry of infants and toddlers into BabyNet in terms of months, but rather by ranges, which can hinder the agency's ability to monitor the entry of children into the system. Also, there is not an adequate public awareness program regarding BabyNet in South Carolina. Finally, some children do not receive their transition conferences from BabyNet to local school districts on time.

As a result, South Carolina may not be adequately ensuring that eligible children receive early intervention services or that they receive services early enough. Early intervention services can reduce the extent of developmental delays for children and can also help children acquire compensatory skills (for example, deaf children can learn to sign). Research also shows that the greatest window of opportunity to influence child development is during the first years of life.

Background

Up to 36 months, children receive early intervention services through referral to BabyNet staff at First Steps to School Readiness. Physicians' offices, the Department of Social Services (DSS), parents, daycares, schools, Head Start, and others make referrals to BabyNet. DSS is required by federal law to refer children under three who are involved in a substantiated case of abuse or neglect or are identified as affected by illegal substance abuse or withdrawal symptoms resulting from prenatal drug exposure. The largest number of BabyNet referrals comes from physicians' offices, DSS, and children's parents.

When a child is found eligible for BabyNet, First Steps staff give the family a packet of information that contains a list of service providers for treatment. According to agency officials, they also use a computer matrix of providers that rotates providers by latest referral when a family does not have a preferred provider.

Also at this time, the child's BabyNet service coordinator, the child's family, the child's service providers (such as therapists), and/or others meet to develop the child's Individualized Family Service Plan (IFSP). The IFSP lists the types and frequency of services the child and family will receive (if a child is referred to the Department of Disabilities and Special Needs or the S.C. School for the Deaf and Blind, then those agencies create the IFSP for

the child). A change review is done later if more therapy services are identified as being needed by the child. Also, service coordinators are required to have monthly contact with the family; either by phone, mail, or face-to-face.

According to the report of the National Early Intervention Longitudinal Study (NEILS) published in 2007 on behalf of the U.S. Dept. of Education, 52% of early intervention children in the study received speech therapy, the largest service after service coordination. The research also showed that the median amount of scheduled service for the children in the study was 1.5 hours per week and that most families (63%) were scheduled to receive 2 hours or less per week of total service. The average total expenditure for the entire length of time the child and family received early intervention services was \$15,740. Given that the average child received services for 17.2 months, the average monthly expenditure was approximately \$916.

Eligibility Criteria

South Carolina has been defined by the federal government as a “narrow eligibility” state regarding the number and extent of developmental delays required for a child to be found eligible. Due to funding limitations, however, First Steps is considering further narrowing of its eligibility criteria.

These changes would mean that certain categories of children, currently on the fringe of eligibility, may no longer be eligible in the future. Research has found that these children may benefit the most from early intervention services, which may eliminate the need for additional services as the children grow older.

Efforts to increase efficiency and increase revenues, identified elsewhere in this report can reduce the need to further narrow eligibility criteria.

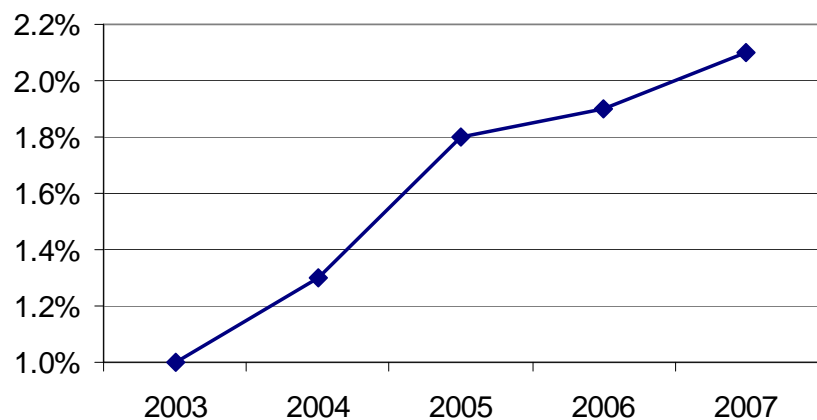
Child Find and Public Awareness Programs

Although the BabyNet program has made significant improvement, it has not met its federally-required target of meeting or exceeding the national average of serving children who need early intervention services. Also, agency officials are concerned that they are not finding a proportionate share of BabyNet-eligible children in rural counties around the state. These problems may largely be explained by the fact that South Carolina does not have an adequate Child Find or public awareness program.

Under federal law, states are required to have a Child Find system, through which they identify, locate, and evaluate children with developmental delays and disabilities. A public awareness program is part of a comprehensive Child Find system. Public awareness keeps the general public, families, and all primary referral sources informed about early intervention services. Information includes the scope and purpose of the system, how to make a referral, and other information. Elements of a public awareness program can include posters, brochures, toll-free phone numbers, websites, billboards, and radio and TV public service advertisements.

Chart 4.1 shows South Carolina's Child Find rate from 2003 through 2007. Over this time period our state had the highest positive percentage change in the nation by improving from 1.0 % to 2.1 %, however our state still did not meet its federal targets (meeting or exceeding the national average). The national average in 2007 was 2.5 %.

**Chart 4.1: S.C. Child Find Rate
2003–2007 (At-Risk Children
Excluded)**



Source: U.S. Dept. of Education

Table 4.2 shows the Child Find rate in various states in 2008 and 2007. The chart also includes the U.S. Department of Education's classification of what type of eligibility criteria those states use (broad, moderate, or narrow; these classifications indicate the number and extent of developmental delays required for a child to be found eligible).

Table 4.2: 2008 and 2007 Child Find Rates and Eligibility Criteria for Selected States

JURISDICTION	PERCENTAGE SERVED AGES BIRTH TO 3 YEARS		STATES ELIGIBILITY CRITERIA
	2008	2007	
<i>National Average</i>	2.66	2.53	NA
South Carolina	2.38	2.14	Narrow
North Carolina	2.33	2.12	Moderate
Top 5 States*			
Hawaii	6.74	6.94	Broad
Massachusetts	6.42	6.72	Broad
New Mexico	4.89	4.05	Broad
Rhode Island	4.79	4.61	Moderate
Wyoming	4.59	4.38	Broad
Bottom 5 States*			
Georgia	1.28	1.20	Narrow
District of Columbia	1.37	1.19	Narrow
Missouri	1.55	1.45	Narrow
Mississippi	1.56	1.34	Broad
Alabama	1.57	1.46	Broad

*As of 2008

Source: U.S. Dept. of Education

During our review, we found that South Carolina did not have posters, brochures, billboards, or radio and TV public service advertisements informing the public of the BabyNet program. First Steps officials stated that agency staff visit the University of South Carolina School of Medicine on a regular basis to conduct training on the BabyNet program.

According to North Carolina officials, they place their greatest outreach effort on physicians' offices and neonatal intensive care units, since those are that state's greatest referral sources. North Carolina officials have collaborated with pediatric organizations to offer training on early intervention services, including what to look for in children's screenings. North Carolina also has brochures and posters at other agencies and broadcasts occasional radio and TV ads.

Family Connection of South Carolina

First Steps has a contract with a non-profit organization called Family Connection of South Carolina to provide Child Find and public awareness services. The contract is for approximately \$300,000 per year. According to a Family Connection official, the organization has had a contract with the BabyNet program for approximately 19 years, however prior contracts were primarily for the provision of family support services. Under the contract for the current fiscal year, more emphasis has been placed on Child Find and public awareness. BabyNet has also added the establishment of a state Central Directory to the contract as well. A Central Directory is a directory of information, resources, and research that states are required to have by the federal government. It can be a specialized website or a manual which can be linked to the current BabyNet website.

The primary Child Find and public awareness program that Family Connection provides is the Family Partner program, which is a parent-to-parent network that provides families, doctors, hospitals, etc. information on the BabyNet program. These individuals are part-time paid employees who operate around the state. Each one of the employees adopts a county and the families, physicians' offices, hospitals, etc. in those counties. Larger counties may have several of these Family Partners, whereas some of the smaller counties share a Family Partner employee with another county.

According to a Family Connection official, the organization projects having BabyNet posters, brochures, and cards ready to use by July 2011. Once these materials are available the Family Partner employees will travel to physicians' offices, hospitals, etc. to provide them with these materials. BabyNet and Family Connection staff may also benefit by contacting state universities' art and journalism departments to gauge their interest in producing printed materials and PSAs for the program at no cost as class projects.

Pilot Program

First Steps is also investigating a United Way pilot program based out of the Greenville Hospital System which may increase the number of referrals to the BabyNet program. This pilot is based on a national outreach project. The program will use a central phone number and call center in Greenville for referrals for BabyNet. The program has not started yet and will initially only be offered in Greenville County. If the program is successful then BabyNet will implement it statewide. The call center will provide information to families, filter referrals for appropriateness, and act like a type of case manager for the children and their families.

Website

The BabyNet website has useful and easily-accessible information on its website. However, there are a few changes that could make the website better. The information on BabyNet’s home page regarding who can make a referral and how to make a referral (including the phone numbers to call) should be moved to the very top of the webpage. Also, on the website there is a page called “What is BabyNet?,” that does not include information on what happens between the referral and the completion of a child’s Individualized Family Service Plan (IFSP).

Age of Entry Not Adequately Reported

BabyNet has not tracked its clients’ ages in terms of months at the time of referral to the program or at the time of first service. However, research shows that the sooner children receive services the more positive their results.

Table 4.3 shows the statewide percentage of referrals which are found eligible for BabyNet services, the average age in months at the time of referral, and the average age in months at the time the first service is received for the last three fiscal years. First Steps officials extracted this data from the BabyNet database at our request.

Table 4.3: Percentage of Referrals Eligible, Average Age at Referral, and Average Age at First Service

	FY 07-08	FY 08-09	FY 09-10
Percent of Referrals Found Eligible for BabyNet	36%	38%	38%
Average Age in Months at Time of Referral	16.13	16.75	16.13
Average Age in Months at Time of First Service	17.00	17.75	17.13

Sources: First Steps, BabyNet

According to research, infants and toddlers with diagnosed conditions or risk factors (such as children in foster care or children whose mother abused drugs while pregnant) tended to enter early intervention in the first year of life, while children with developmental delays (such as speech problems) enter closer to age 2. Children with speech problems are unlikely to be identified before 12 – 18 months of age. Although BabyNet and equivalent programs in other states serve children from birth to three, very few children receive services for the entire 36 months.

BabyNet has consistently not met its targets for completing Individualized Family Service Plans (IFSPs) on time or its targets regarding timely services to children with IFSPs (see p. 22).

One area of concern among the lead agency staff, according to the state's annual performance reports to the federal government, has been a lack of providers in certain areas of the state, particularly rural areas. Outreach to potential providers and the ability to provide information, training, and technical assistance to potential new providers should help the state meet federal targets.

Transition to Post-BabyNet Services

For approximately one in six children, BabyNet has not been completing transition conferences for post-BabyNet services within the required time frame. As a result, these children may encounter delays in receiving early intervention services when they enter the post-BabyNet system (such as school-based programs).

When children in the BabyNet program are approaching age three, BabyNet service coordinators are required to set up and attend a transition conference with the child's future school district. This transition conference is intended to help the child, family, BabyNet staff, and school district staff determine what services the child will need, if any. Also, the transition conference is intended to help the child and family become comfortable with school district staff.

The U.S. Department of Education requires that transition conferences be held at least 90 days prior to a child's third birthday, which would be 33 months.

Only 84% of BabyNet children had their transition conferences completed on time in FY 09-10.

According to First Steps officials, in addition to transition conferences not being completed on time, BabyNet is also concerned about the number of families declining to participate in transition conferences. According to an agency official, many parents are hesitant to send their child to public school at age three because the services are performed at the school instead of in an in-home setting and because it is also child-centered instead of family-centered. First Steps anticipates that a new data system it is researching will improve the process of monitoring transition plans across the state.

Recommendations

17. First Steps should research low-cost methods of creating printed materials as well as radio and TV public service advertisements to increase public awareness about BabyNet.
18. First Steps should contact state pediatric, neo-natal, and other associations to investigate offering training to doctors, nurses, and others regarding the referral of children to BabyNet.
19. First Steps should update the BabyNet website to increase its readability and usefulness.
20. First Steps should track and publically report the age in months at which children are referred to the BabyNet program.
21. First Steps should track and publically report the age in months of first BabyNet service.
22. First Steps should continue to conduct outreach, training, and technical assistance to increase the number of service providers available in South Carolina.
23. First Steps should develop or obtain a data system that allows for the monitoring of BabyNet children's transition conferences and plans.

Electronic Individualized Family Service Plans

Service providers do not consistently receive copies of children's Individualized Family Service Plans (IFSPs). A provider only receives an authorization form related to services he is to provide. An electronic record would allow better collaboration among families, service coordinators, and service providers, as well as being less expensive. BabyNet is planning to purchase a new data system that will contain electronic versions of children's IFSPs. BabyNet projects that it will replace the program's data system by December 2011.

Recommendation

24. First Steps should develop or obtain a data system that allows for the creation and dissemination of electronic versions of children's Individualized Family Service Plans.

Agency Comments

Appendix



Mr. Philip F. Laughridge, Chairman
South Carolina Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

July 25, 2011

Dear Mr. Laughridge,

On behalf of South Carolina First Steps to School Readiness, I would like to thank you for the Council's recent work on BabyNet, South Carolina's early intervention program for infants and toddlers. The thorough and professional approach of the Legislative Audit Council staff is evident in the final report.

Since assuming lead agency responsibilities for this important early childhood education program in January 2010, First Steps has been working with partners to strengthen the efficiency and effectiveness of BabyNet. We continue to be challenged by the state's historically decentralized approach to program funding and accountability, and are working closely with the U.S. Department of Education, our agency partners and national/regional technical assistants to ensure that BabyNet fulfills its mission to families, children and taxpayers.

In just eighteen months, we are pleased to report significant progress in harnessing expertise with which to strengthen the BabyNet system of early intervention for our state's children and their families. We are confident that the Council's recommendations will assist us as we continue in this important work.

Again, please accept our thanks.

A handwritten signature in black ink, reading "Susan St. DeVenny". The signature is fluid and cursive, with a long, sweeping underline.

Susan DeVenny
Director, SC First Steps to School Readiness

cc: Thomas J. Bardin, Director, SC Legislative Audit Council
Mr. Lewis Smoak, Vice-Chair, SC First Steps to School Readiness
Dan Wuori, Chief Program Officer, SC First Steps to School Readiness
Kristie Musick, BabyNet Coordinator, SC First Steps to School Readiness

This report was published for a
total cost of \$29.50;
50 bound copies were printed
at a cost of 59¢ per unit.